

MCLEAN ELECTRIC COOPERATIVE, INC.  
ANNUAL MEETING

June 18, 2019

The 74<sup>th</sup> Annual Meeting of the members of McLean Electric Cooperative, Inc., was held at the Garrison City Auditorium in Garrison, North Dakota, on the 18<sup>th</sup> day of June, 2019. The meeting was called by order by President Larry Gessele at 6:30 o'clock p.m.

Dinner was prepared by Kyle's Katering of Garrison, North Dakota, and served by the Garrison High School FFA Chapter.

Secretary Rod Stockdill informed President Gessele that a quorum was present and President Gessele informed the attendees that the Cooperative was open for business.

President Gessele introduced Pastor Annie Langseth of St. Paul's Lutheran Church of Garrison, North Dakota, who gave the opening invocation.

President Gessele recognized present and past military service personnel and led the attendees in the Pledge of Allegiance followed by the presentation of the National Anthem.

President Gessele introduced dignitaries and guests who were in attendance and recognized that the North Dakota Congressional Delegation wrote letters of appreciation to the Cooperative.

The keynote speaker, Dan Inmann, Vice-President and Chief Information Security Officer for Minnkota Power Cooperative, was introduced and he presented information and an update about Minnkota Power and gave an overview of the MPC System and facilities and service territory of the Cooperative. He discussed the 2019 Polar Vortex event and how Minnkota Power met its patrons needs during the event. He also discussed the balance between Minnkota Power's base load vs. renewables and discussed Minnkota Power's Project Tundra for CO2 capture and reuse.

After the keynote speaker, President Gessele reported that the notice of the 74<sup>th</sup> Annual Meeting and minutes of the 73<sup>rd</sup> Annual Meeting were ready to be read for approval. It was moved that a reading of the notice and minutes be waived and they be approved as presented. The motion was seconded and carried.

President Gessele introduced the Cooperative's Board of Directors and the Cooperative's employees to the attendees, and provided his report:

- He mentioned that the Cooperative has held its rates for the past year and that 67% of MEC's power is purchased from Basin Electric and it appears that Basin's rate will remain steady throughout 2019.

- He reported about the 2018 storm to western McLean County and the Cooperative's response and mentioned that the Cooperative's Board of Directors stress safety.
- He announced that 2020 will mark the 75<sup>th</sup> Annual Meeting and asked that the attendees provide the Cooperative of stories that would be available to be read during the 75<sup>th</sup> Annual Meeting.

President Gessele introduced the Member Advisory Committee Members and thanked them for their input to the Cooperative.

President Gessele introduced General Manager/CEO Martin D. Dahl to provide his report. Manager Dahl discussed the following:

- 2018 was a great year for the Cooperative with margins being very high.
- The board is budgeting for 2019 a margin of .5% in 2020.
- The Cooperative is halfway through their third year of no rate increases with no rate increases foreseen in the short term.
- He discussed demand billing and how it can affect a patron's monthly bill.
- He discussed the following Legislative issues: Grants not becoming income; promoting the proposed infrastructure package; retaining the power marketing agencies such as WAPA; pension funding; waiting for the replacement of the Clean Power Plan and the rewrite of the Waters of the United States; and laws restricting railroad crossing costs.
- Reported that Central Power Electric Cooperative should complete the Max to Benedict and Washburn to Blue Flint lines in 2019.
- He provided a battery storage back-up project update.
- He recognized all of the Cooperative's employees and thanked them for their hard work and dedication to the Cooperative.

Manager Dahl then provided the Financial Report for the Cooperative and he introduced the Cooperative's Financial Director, Wendy Kinn to the attendees.

For 2018, total revenue received was \$14,897,719.00 with a total KWH sold in 2018 of 132,838,215 with a net margin of \$2,445,160.00. The Cooperative has total assets of \$45,444,340.00. He reported that the financial ratios are higher than required by the Cooperative's lenders with TIER of 3.54, DSC of 2.17 and an equity to assets ratio of 34.17.

Manager Dahl introduced Troy Presser, MEC Director, as well as the Cooperative's Director to Central Power and the Central Power Director to Basin Electric, who provided a Generation and Transmission Report. During his report, Manager Presser mentioned that Central Power is working with Minnkota to shed Ottertail Power lines with the Max to Benedict line as an example that directly affects McLean Electric. He also reported that the Washburn to Blue Flint line should be finished in August 2019. He reported that Basin's DGC Fertilizer Project has been a success and it continues to do so.

Operation Round-Up - Committee President, Jude Iverson, was introduced to give a Operation Round-Up Report to the attendees. She introduced the Operation Round-Up board members and reported that \$16,200.00 was awarded in 2018 to the Turtle Lake Chamber of Commerce Bike Fest, Underwood Cupboard, Turtle Lake Summer Recreation Program, Guardian and Protective Services, McLean Family Resource Center, Great Plains Food Bank, Turtle Lake Tiny Turtle's Daycare, and North Dakota Association for the disabled.

President Gessele announced that the Board of Directors have proposed a By-Law amendment. The proposed amendment is to Article 3, Section 8 - Nomination and Election of Directors. The amendment would change the language for Director petitions and potential floor nominations to allow members who have a meter but do not reside in the District to sign petitions or make nominations for a director of the district where the meter is located. The election for the By-Law was by secret ballot and the By-Law Amendment passed with 146 aye to 5 votes no.

President Gessele announced the terms of directors for District 1, District 3, and District 5 were up for election. He announced that the following candidates presented petitions for nomination. District 1 - James Odermann; District 3 - encumbant Rod Stockdill and Jason Ziemann; District 5 - Troy Presser. Each of the candidates provided a short address to the attendees. Directors Odermann, Presser and Stockdill were re-elected as directors.

Manager Dahl announced the following employee service awards:

- Daryl Engel - 45 years
- Tonya Graeber - 20 years
- Marcia Zimmerman - 15 years
- Martin Dahl - 10 years
- Brian O'Shea - 10 years
- Wendy Kinn - 5 years
- Julie Streich - 5 years
- Keith Thelen - 5 years
- Kelly Schmaltz - 5 years

President Gessele and Manager Dahl presented the following scholarships:

1. McLean Electric/Basin Electric Scholarship of \$500.00 each to Ally Behles, daughter of Cory and Cindy Behles of Garrison, North Dakota and Joshua Thompson , son of Jeremy and Karen Thompson of Max, North Dakota.
2. McLean Electric Scholarship of \$500.00 to Hannah Retterath, daughter of Justin and Rachel Retterath of Washburn, North Dakota.
3. The 2019 Youth Tour Essay Contest Winner is Skyla Folden, daughter of Nicole and Carey Gieser of Garrison, North Dakota.

President Gessele asked for any old business. There was none.

President Gessele announced that the 74<sup>th</sup> Annual Meeting grand prize of \$1,000.00 would be given to a meeting attendee who was present. The 2019 winner was Wendy Kinn. Other door prizes were presented as well.

President Gessele thanked the attendees for attending the 74<sup>th</sup> Annual Meeting. The meeting upon a motion made, seconded and carried, was adjourned.

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Secretary